Message from the President

President and CEO
Masayuki Takenaka

Steadily achieve our "V-Plan 26" medium-term management plan and build foundations for future growth At the Noritz Group, we will continue to bring "joy" to all through our products and services.

My role as the new president

Looking to a future beyond the "indispensable" products of today

My name is Masayuki Takenaka and I was appointed President and CEO on July 1 last year (2025). I am truly grateful for your support. Since our establishment in 1951, for 75 years, Noritz has supported the foundations of people's everyday lives and Japanese society through "hot water." Our founder's firm belief was that "quality baths bring joy to people." This has remained the belief of everyone at Noritz, despite different eras and changing values throughout the years. We have continued to ask how our work contributes to society and how we support people's everyday lives— this pride and responsibility has affected me personally, and it has helped to build the history of Noritz. Today, we appear to be facing an endless stream of new challenges and opportunities. These include climate change, energy security, demographic changes, innovation in digital technology, and the diversification of values and lifestyles. We have all directly experienced dramatic changes and unexpected developments in a society that has been profoundly transformed by the COVID-19 pandemic. Partly as a result of the use of social media for communication and dramatic progress in information distribution, we now live in an age when, in addition to providing "convenience" and comfort", companies are required to supply fundamental value and build trust in society. Amid these tides of change, in addition to remaining aware of our responsibilities as an "indispensable" business, the Noritz Group has continued to pursue unique value that only we are able to create for society. We will work hand in hand with all of our diverse stakeholders, including our employees, customers, suppliers, local communities, and new partners, as we aim to create new joy, contribute to society, and continue to evolve boldly. We will continue to value a "site-led" approach, open dialogue, and a culture of taking on new challenges without fear of failure or change as we make ceaseless progress.

Achieving "V-Plan 26" and moving towards our goals for 2030

Three responsibilities - key issues for our management

During the fiscal year ended December 31, 2025, in our business in Japan we secured increases in both revenue and income by promoting low-emission products and realizing cost reductions and productivity improvements. In our international business, we recorded decreased revenue in China due to the ongoing market slump, but our business returned to profit in North America and achieved stable growth in Australia. These factors helped us to increase income from our international business and continue to improve our earnings structure. Despite taking into account uncertainty in global trends, in the fiscal year ended December 31, 2025, we significantly exceeded the income target set out in our start-of-year plan. Our hard work in improving profitability and capital efficiency have steadily started to show results. The Noritz Group sees 2026, which is the final year of our "V-Plan 26" medium-term management plan, as a year for building foundations as we prepare for the next medium-term management plan. As President, during this final fiscal year of the plan, I will work to further increase the effectiveness of our management so that we can take steady steps towards our vision for 2030. I will also give my all to ensuring that first of all we achieve "V-Plan 26" as a waypoint that will lead to our future long-term direction. As a sign of this determination, in the fiscal year ending December 31, 2026, we plan to achieve net sales of ¥210 billion, operating income of ¥4.5 billion, net income attributable to shareholders of parent company of ¥8.6 billion, and ROE in excess of 6%, and we will work hard to realize management with a strong awareness of capital costs. We will make efforts to improve profitability while increasing capital efficiency, and we aim to increase our corporate value in a way that proves worthy of the trust placed in us by capital markets. "V-Plan 26" includes numerous policies for each

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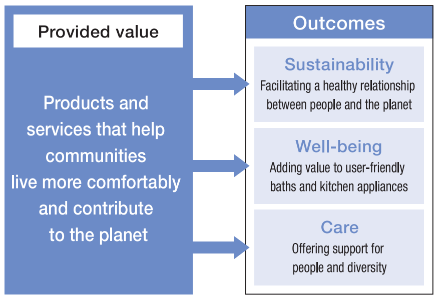
business and function, and it sets out a clear roadmap to realization. As President, I have set out three key areas where the management holds particular responsibility in ensuring that we execute the overall policy of the medium-term management plan consistently and produce results in the final year. Firstly, we need to reform our financial structure to increase profitability. Secondly, we need to realize a portfolio concept that increases our growth potential. Thirdly, we need to raise our Group's organizational capabilities in a way that increases our integrated strengths. When addressing the first of these responsibilities (reforming our financial structure to increase profitability), we will pay particular attention to increasing "earning power" and "capital efficiency" simultaneously. Specifically, we will seek to increase sales, improve our product mix, steadily implement ongoing measures such as reductions in cost of goods sold, and improve our operating profit margin. At the same time, we will thoroughly pursue efforts to prioritize investments that target growth and increased profit, while also prioritizing collection management and increasing our return on invested capital. Furthermore, as a result of comprehensive measures, including capital policies such as cash allocation, we aim to establish management that exceeds the cost of capital through increased ROE and improved P/B ratio. For this reason, we have not described the financial targets set out under "V-Plan 26" as "plans" but as "performance." When tackling the second of these responsibilities (realizing a portfolio concept that increases our growth potential), we will accelerate the structural readjustments across our businesses in Japan and overseas and concentrate our management resources in growth domains. In our business in Japan working on the assumption of promoting a business model tailored to an "all energy" approach, we will produce results when shifting to a more profitable portfolio by encouraging a transition away from a business structure that has been heavily weighted towards residential-use hot water, and by expanding our non-residential business and heat solutions business. In our international business, we will ensure both stability and growth in our business by controlling the risks of overreliance on China while positioning North America, Australia, and Southeast Asia as growth drivers. By establishing these policies in the form of "growth" during 2026, we will increase the reproducibility of growth as 2030 approaches. Regarding the third of these responsibilities (raising our Group's organizational capabilities in a way that increases our integrated strengths), built on an approach of people-led management, we will evolve into an organization that not only plans out strategy, but "gets the job done." In particular, we will strengthen collaboration across businesses and regions, and increase the speed of decision-making and execution. At the same time, we will continue to examine progress with priority measures and investment projects, and we will manage in order to produce results from the perspective of overall optimization, rather than individual optimization. In addition, based on an "all-member management" philosophy, we will develop human resources and organizational systems that encourage us to take on challenges, and reinforce our culture of encouraging every individual in the workplace to think, act, and achieve results autonomously. By positioning the final fiscal year of "V-Plan 26" as a year for "demonstrating through execution", we will establish across our entire Group the execution skills needed for the next growth stage.

Moreover, under our "V-Plan 26" medium-term management plan, Noritz has clarified the outcomes (value provided) of realizing our mission to provide "The Simple Comforts of Life" and offer "products and services that help communities live more comfortably and contribute to the planet." We have placed three key words at the core of our management and business activities—sustainability, well-being, and care. We regard efforts to reduce CO_2 emissions, develop and introduce energy-saving technologies, and pursue sustainability in product lifecycles and entire supply chains as not just a corporate responsibility. Rather, we also see it as part of a value creation process that will increase joy in people's lives and society through our business, and lead to an even better future. Specifically, we are focusing on co-creation initiatives such as the "Bringing Smiles to People Project" in partnership with local welfare service providers and sales companies, as well as the co-creation of value through new care services in cooperation with government agencies, places of education, and local communities. We are also paying attention to creating solutions to previously unseen social needs. These measures do not lead directly to financial value in the short term, such as sales or profits. However, by steadily gaining non-financial value such as sympathy and trust from our employees, customers, and society, we will strengthen our competitiveness and business platform for the future. The Noritz Group's vision for 2030 is to be a company that continues to deliver indispensable products while also continuing to come up with new indispensable ideas. We will realize long-term improvements in corporate value through the creation of sustainable value built on human capital and intellectual capital. At the same time, by contributing to carbon neutrality through our products and business activities, and providing value that supports people's everyday lives, we will contribute to the realization of a society that offers people rich lives while also contributing to the planet. We see 2026 as a year in which we will prepare the ground for our next medium-term management plan. We will work hard to achieve sustainable increases in our corporate value through investor relations and shareholder relations activities that prioritize highly transparent information disclosure and dialogue, while achieving both short-term results and medium- to long-term growth.

Provided value and outcomes



Reconsidering the "Noritz way" during times of change

Finding opportunities for growth through people-led co-creation and innovation

As the business environment becomes increasingly uncertain, companies need to equip themselves with both the ability to deliver results in the short term and the ability to create sustainable value that continues to adapt to change. During these times of change, the Noritz Group has continued to reconsider what the "Noritz way" is, and to use this essence to discover people-led co-creation and innovation.

The source of the Noritz Group's competitiveness lies in the judgment and execution skills of people who are strongly rooted in the workplace. By carefully detecting as an organization the lessons learned through contact with our customers and in our everyday work, and using this to improve our business and create new value, we have increased our ability to adapt to changes in the environment. We adjust strategies and understandings in the workplace and increase the speed and quality of decision-making by developing systems that link suggestions from the workplace directly to management and by providing opportunities for direct dialogue between our executives and employees.

We also need to remember that building partnerships between diverse people across different generations, departments, regions and countries is an important element when it comes to turning change into growth opportunities. Combining different specializations and values is a way of generating new ideas and business potential. As part of our efforts to co-create beyond the confines of our Group, we collaborate with local organizations employing people with disabilities, local businesses, local governments, universities, and companies in other industries. Pursuing measures that address the challenges facing society, we steadily build knowhow and relationships of trust that will lead to future business opportunities.

We are also working to promote digital transformation as a platform for supporting this co-creation and innovation. Beyond work efficiency improvements, we will increase the sophistication of customers' experiences and services in order to strengthen value, including quality, safety, and reliability, thereby increasing the sustainability of our earnings base. By combining human knowledge with digital technology, we aim to build a business management structure that is resilient to change.

The Noritz Group believes that it is the accumulation of people-led co-creation and innovation that will produce sustainable growth in times of change and increased corporate value in the medium to long term. We will continue to evolve "the Noritz way" on the foundation of trust and execution skills, while earnestly addressing changes in society and markets.

Taking on growth and challenge as "One Team," and our promise for the future

At the Noritz Group, we will continue to bring "joy" to all through our products and services.

As markets and society continue to change at an unprecedented pace, Noritz prioritizes a culture of taking personal responsibility for responding to change, rather than seeing change as somebody else's problem. The starting point for innovation and growth at Noritz comes from believing that your own actions are linked to the future of society and the Company, and sharing an attitude of taking the first steps yourself. New services and products are produced when diverse values and specializations come together during open dialogue flexibly conducted beyond the confines of department, generation, and rank. Noritz is boldly facing up to highly complex and difficult challenges based on the strengths of "One Team" that respects, recognizes, and complements individual strengths, weaknesses, and unique characteristics. We see the role of a company as one of continuing to grow along with the times, without fear of change. In addition to technology and capital, we make full use of each and every employee's passion, intelligence, and spirit of challenge. At the same time, we listen carefully to the views expressed by our customers and society, and work to realize "The Simple Comforts of Life" across all domains. Looking ahead, we aim to be a partner who co-creates the future beyond simply providing products and services by gaining a close understanding of society and people's lives and accompanying our partners as we seek solutions to problems together. As we develop our business globally, we will continue to address the wide range of issues faced by local communities and come up with "forms of joy" alongside our partners in various locations around the world, without limiting ourselves to Japan. Noritz wants to continue achieving fundamental evolution that takes us beyond being an "indispensable" partner and towards a company that is chosen and appreciated, while prioritizing open communication and responsible action so that the happiness of our employees, the trust of our partners, and our bonds with local communities interact and create synergistic effects. In order to achieve this objective, your ongoing understanding and support will be indispensable to us.

Moving forward, the Noritz Group will continue to bring "joy" to all through our products and services.